MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BAC1844 – MANAGERIAL AND FINANCIAL ACCOUNTING

(All Sections/ Groups)

28 FEBRUARY 2020
9.00 am – 11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages excluding cover page with **2** sections.

2. **Section A**: **Twenty (20)** Multiple Choice Questions.
   Section B: **Three (3)** Structured Questions.
   Answer **ALL** questions.

3. Write your answers in the answer booklet provided.

SECTION A: 20 MULTIPLE CHOICE QUESTIONS [40 MARKS]

1. Managerial accounting does not encompass _____
   a. calculating product cost.
   b. calculating earnings per share.
   c. determining cost behavior.
   d. profit planning.

2. The work of factory employees that can be physically and directly associated with converting raw materials into finished goods is _____
   a. manufacturing overhead.
   b. indirect materials.
   c. indirect labor.
   d. direct labor.

3. Which of the following is *NOT* a manufacturing cost category?
   a. Cost of goods sold
   b. Direct materials
   c. Direct labor
   d. Manufacturing overhead

4. Which of the following are product costs?
   a. Office supplies
   b. Administrative expenses
   c. Raw materials
   d. Selling expenses

5. Analyzing financial statements involves evaluating characteristics of a company such as _____
   a. liquidity of a company
   b. strength of a company
   c. weaknesses of a company
   d. opportunity of a company

6. There are different bases of comparisons that a company can use to analyze their business performance such as _____
   a. equal basis
   b. horizontal basis
   c. intercompany basis
   d. vertical basis

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7. Horizontal analysis is one of the tools to evaluate a series of financial statement data over a period of time. This tool is also known as _____
   a. vertical analysis
   b. trend analysis
   c. linear analysis
   d. current analysis

8. _____ inventory system is a management strategy that minimizes inventory and increases efficiency.
   a. Just-in-time (JIT)
   b. Balance-score-card
   c. Triple bottom line
   d. Value chain

9. _____ is a system implemented to reduce defects in finished products with the goal of achieving zero defects.
   a. Theory of constraints
   b. Just-in-time (JIT)
   c. Total quality management (TQM)
   d. Service quality management

10. A cost which remains constant per unit at various levels of activity is a _____
    a. variable cost.
    b. fixed cost.
    c. mixed cost.
    d. manufacturing cost.

11. Which one of the following is a name for the range over which a company expects to operate?
    a. Mixed range
    b. Fixed range
    c. Variable range
    d. Relevant range

12. The amount by which actual or expected sales exceeds break-even sales is referred to as _____
    a. margin of safety
    b. unanticipated profit.
    c. contribution margin
    d. target net income.

13. Contribution margin is _____
    a. the amount of revenue remaining after deducting fixed costs.
    b. available to cover fixed costs and contribute to income for the company.
    c. sales less fixed costs.
    d. unit selling price less unit fixed costs.

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14. Total cost which remains the same regardless of changes in the activity level _____
    a. variable cost.
    b. fixed cost.
    c. mixed cost.
    d. manufacturing cost.

15. The _____ uses the total costs incurred at the high and low levels of activity to classify mixed costs into fixed and variable components.
    a. variable costs
    b. fixed costs
    c. relevant range
    d. high-low method

16. Cost-volume-profit (CVP) analysis considers the interrelationships among several components and one of it is _____
    a. break-even unit.
    b. contribution margin.
    c. volume or level of activity.
    d. net income.

17. _____ is a budgetary approach that starts with input from lower-level managers and works upward so that managers at all levels participate.
    a. Participative budgeting
    b. Direct material budget
    c. Production budget
    d. Operating budget

18. A master budget consists of _____
    a. an interrelated long-term plan and operating budgets.
    b. financial budgets and a long-term plan.
    c. interrelated financial budgets and operating budgets.
    d. all the accounting journals and ledgers used by a company.

19. Budgeting and long-range planning are not the same. One of the important difference is _____
    a. the number of labor involved.
    b. the time period involved.
    c. the marketing initiatives.
    d. the operational spending.

20. Budgetary slack occurs when _____
    a. managers intentionally underestimate budgeted revenues or overestimate budgeted expenses.
    b. the budget is split into units by the management.
    c. there is a set of penalty imposed to the budgeting report.
    d. the company is not fully operated.

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SECTION B: STRUCTURED QUESTIONS [60 MARKS]

QUESTION 1

Melur Berhad
Statements of Financial Position as at 31 December

	2019	2018
	RM	**RM**
Cash	80,000	76,000
Accounts receivable (net)	32,000	18,500
Inventories	48,000	59,500
Property, plant and equipment (net)	270,000	230,000
Total Assets	430,000	384,000
Accounts Payable	52,000	28,000
Bank Loan	70,000	70,000
Ordinary Share Capital	250,000	250,000
Retained Earnings	58,000	36,000
Total Liabilities and Equity	430,000	384,000

Additional information for 2019:

1. Net income was RM480,000.
2. Total sales on account were RM820,000. Sales returns and allowances were RM210,000.
3. Total cost of goods sold amounted to RM355,000.

Required:

(a) Prepare a vertical analysis for the year 2019. (5 marks)

(b) Calculate the following ratios for the year 2019.
   a. Current ratio
   b. Accounts receivable turnover
   c. Inventory turnover
   d. Return on Assets
   e. Debt to assets ratio

(15 marks)

Show all workings.

[TOTAL 20 MARKS]

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QUESTION 2

Part A

The following costs and inventory data were taken from the accounts of Tioman Sdn Bhd for 2019:

	1 January 2019	31 December 2019
Inventories:	**RM**	**RM**
Raw materials	8,000	7,000
Work in process	15,000	13,000
Finished goods	16,000	12,000
Cost incurred:		
Raw materials purchases		98,000
Direct labour		42,000
Factory rent		8,000
Factory utilities		10,000
Indirect materials		6,000
Indirect labour		9,000
Operating expenses		17,000

Required:
Prepare a Schedule of Cost of Goods Manufactured for the year ended 31 December 2019. (10 marks)

Part B

Duta Berhad estimates that variable costs will be 70% of sales and fixed costs will total RM2,160,000. The selling price of the product is RM10, and 750,000 units will be sold.

Required:
Using the mathematical equation:
(a) Compute the break-even point in units and ringgits. (6 marks)
(b) Compute the margin of safety in ringgits and as a ratio. (2 marks)
(c) Compute net income. (2 marks)

[TOTAL 20 MARKS]

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QUESTION 3

Part A

The management of M Bhd. has agreed on the following requirements for the company's 2019 budget. Given in the table below are the expected sales in units for each quarter:

Quarter 1 (Jan – Mar)	Quarter 2 (Apr – Jun)	Quarter 3 (Jul – Sep)	Quarter 4 (Oct – Dec)	Next Quarter (Jan-Mar)
6,000 units	7,000 units	8,000 units	9,000 units	10,000 units

The budgeted unit selling price is RM5 per unit. Ending finished goods inventory is 30% of next quarter's expected sales units. Beginning finished goods inventory for year 2019 is 1,800 units.

Required:

(a) Prepare sales budget, by quarter, for the year 2019. (4 marks)

(b) Prepare production budget, by quarter, for the year 2019. (10 marks)

Part B

Sipadan Sdn. Bhd. combines its operating expenses for budget purposes in a selling and administrative expense budget. For the first quarter of 2019, the following data are developed:

i. Sales: 20,000 units; unit selling price:	RM30
ii. Variable costs per ringgit of sales:	
Sales commissions	6%
Delivery expense	2%
Advertising	4%
iii. Fixed costs per quarter:	
Sales salaries	RM24,000
Office salaries	19,000
Depreciation	6,000
Insurance	2,000
Utilities	1,000

Required:

Prepare a selling and administrative expense budget for the first quarter of 2019. (6 marks)

[TOTAL 20 MARKS]

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